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Department of State

TELEGRAM

EXCISE

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LIMITED OFFICIAL USE 948

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ACTION AF-18

INFO OCT-01 EUR-20 SSO-00 CCO-00 NSCE-00 USIE-00 CIAE-00
DODE-00 PM-05 H-02 INR-07 L-04 NSAE-00 NSC-10 P-03
RSC-01 PRS-01 SS-20 AID-28 COM-08 E-15 FRB-02 TRSY-11
XMB-06 STR-08 CEA-02 RSR-01 /173 W

O P 052230Z JUL 70 ZFF4
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC IMMEDIATE 6546
INFO USINT ALGIERS PRIORITY
AMEMBASSY BENGHAZI
AMEMBASSY LONDON
AMEMBASSY ROME

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
PORTIONS DENIED AS INDICATED

Tripoli 1560 7-5-70 C

LIMITED OFFICIAL USE TRIPOLI 1560

SUBJ: NATIONALIZATION OF PETROLEUM DISTRIBUTION COMPANIES

1. HEADS OF THREE PRINCIPLE FOREIGN-OWNED PETROLEUM PRODUCT DISTRIBUTION COMPANIES (ESSO, SHELL AND AGIP) CALLED TO MEETING BY MINPET MABRUUK AT ABOUT 2100 LOCAL JULY 4 TO BE INFORMED OF RCC DECREE NATIONALIZING IMPORT AND DISTRIBUTION OF PETROLEUM PRODUCTS AND CREATING MONOPLY IN PRODUCT TRADE FOR LIBYAN NATIONAL OIL CORPORATION (LNOC). ESSO INFORMED EMBASSY IMMEDIATELY AFTER MEETING THAT MINISTER HAD STRESSED DECREE PROVIDED FOR PROMPT PAYMENT OF COMPENSATION AND THAT NATIONALIZATION OF PRODUCT DISTRIBUTION WAS LOGICAL STEP TAKEN BY MANY OTHER COUNTRIES. MINISTER CITED ALGERIA AND KUWAIT AS EXAMPLES. HE ALSO SOUGHT TO REASSURE COMPANIES THAT NATIONALIZATION OF DISTRIBUTION WAS NOT INDICATIVE OF LARG POLICY IN OTHER AREAS OF PETROLEUM RELATIONS AND SAID THIS ACTION SHOULD NOT AFFECT COMPANIES' VIEWS ON OTHER OUTSTANDING PROBLEMS (E.G., POSTED PRICE NEGOTIATIONS). ESSO REPORTED SHELL MANAGER OBSERVED THAT NATIONALIZATION HAD UNAVOIDABLE IMPACT ON SHELL-LNOC EXPLORATION JOINT VENTURE, UNDER WHICH SHELL WAS TURNING OVER RETAIL OUTLETS AND PROVIDING MARKETING

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ASSISTANCE TO LNOC.

2. TEXT OF RCC DECREE AND IMPLIMENTING DECISIONS BY LNOC READ OVER LIBYAN TV ON NEWSCAST AT 2200 LOCAL. IN ADDITION TO NATIONALIZATION, DECREE PROVIDED FOR THREE-MAN COMMITTEE, WITH REPS. FROM MINISTRIES OF PETROLEUM, JUSTICE AND TREASURY, TO RECOMMEND COMPENSATION WITHIN THREE MONTHS AFTER ITS FORMATION. DECREE ALSO ESTABLISHED NEW MANAGEMENT FRAMEWORK AND OBLIGATED ALL EMPLOYEES OF FORMER MARKETING COMPANIES TO REMAIN AT WORK. LNOC DECISIONS WERE CONCERNED WITH MANAGEMENT PROVISIONS, INCLUDING NAMING OF FIVE-MAN COMMITTEES TO ASSUME CONTROL OF MARKETING OPERATIONS OF THREE PRINCIPLE MARKETERS PLUS ONE LOCALLY-OWNED (ITALIAN) LPG DISTRIBUTER ACTIVE IN CYRINICA.

3. PUBLIC STATEMENT BY LNOC, WHICH FOLLOWED ANNOUNCEMENT OF OFFICIAL ACTS, SAID NATIONALIZATION UNDERTAKEN TO BETTER SERVE LIBYAN PEOPLE IN FURTHERANCE OF THEIR WILL. LNOC CALLED ON ALL DISTRIBUTION COMPANY EMPLOYEES TO REPORT FOR WORK AS USUAL JULY 5.

4. COMMENT: EMBASSY HAS NO ESTIMATE AVAILABLE FOR VALUE OF NATIONALIZED FACILITIES, WHICH CONSIST OF STORAGE AREAS FOR IMPORTED PRODUCTS, BULK DISTRIBUTION PLANTS AND SOME RETAIL OUTLETS. [redacted] ESSO LIBYA IS INFORMING ITS NEW YORK HEADQUARTERS OF LARGES ACTION. B4

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